

**Commission Meeting Agenda**  
**Commission Meetings are Open to the Public**  
Visit our web site at [www.wsgc.wa.gov](http://www.wsgc.wa.gov)

**Location of Meeting:**

**DoubleTree Guest Suites**  
16500 Southcenter Parkway  
Seattle, WA 98199  
(206) 575-8220

**Date and Time of Meeting:**

Thursday, January 12, 2006  
1:30 p.m.

**Informal Study Group Sessions:**

10:00 a.m. – Noon                      Combined Charitable Nonprofit Operators & Commercial Operators  
Study Group

**Public Meeting:**

Please note agenda items after 1:30 p.m. may be taken out of sequence at the discretion of the Chair.

**1.     Agenda Review / Director's Report:**

**Administrative Issues:**

- a) Adjusted Cash Flow Report – Projected for Calendar Year 2005
- b) Senate Bill 1295 – National Indian Gaming Commission Accountability Act of 2005
- c) 2006 Legislative Session

**Bills of Interest Carried Forward From the 2005 Session:**

- HB 1045 Gambling Account
- HB 1944 Raffles Conducted by State Employees
- SHB 2175 Restrictions on Charitable or Nonprofit Organizations Involved in Gambling
- ESSB 5287 House-Banked Social Card Games
- SB 5591 Zoning Authority
- SSB 5878 Prohibition Against Internet Gambling
- SB 5879 Prohibiting Out-of-State Contributions to Gambling Ballot Measures
- SSB 5994 Limiting the Location and Number of House-Banked Card Rooms
- SSB 6057 Gambling Commission Reporting on Social Card Room Financial Activities
- d) Correspondence:
  - City of Spokane – Interest Relative to Negotiations with the Spokane Tribe

**Please turn telephones and pagers off during meeting sessions**

- e) Monthly Update Reports:
  - Administrative Case Update
  - Seizure Update
  - Congressional Update
- f) News Articles

**Comments from the Public**

- 2. **Defaults:** **Amy Hunter, Administrator**
  - a) Zilla's Market St. Pub—Failure to Timely Submit Quarterly Activity Report
  - b) Frontier Tavern, Richland—Punchboard/Pull-Tab Revocation
  - c) James Lynass—Card Room Employee License Revocation
  - d) William Delashmit—Card Room Employee License Revocation
  - e) Matthew Mitzel—Card Room Employee License Revocation
  - f) Hau V. Huynh—Card Room Employee License Revocation

- 3. **New Licenses and Tribal Certifications:** **Dave Trujillo, Assistant Director**

**Rules Up for Discussion and Possible Filing**

- 4. **Rules Simplification Project Presentation:** **Beth Heston, Project Manager**  
*Filed on 06/07/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-13-042.*
  - a) Chapter 230-03-001 through 230-03-340 – Permitting and Licensing
  - b) Chapter 230-05-001 through 230-05-035 – Fees

- 5. **Other Business/General Discussion/Comments from the Public**

- 6. **Executive Session to Discuss Pending Investigations, Tribal Negotiations & Litigation**

- 7. **Adjournment**

Thursday's Commission Meeting  
January 12, 2006  
Page 3 of 3

and Public Information Officer at (360) 486-3466.

**Commission Meeting Agenda**  
**Commission Meetings are Open to the Public**  
Visit our web site at [www.wsgc.wa.gov](http://www.wsgc.wa.gov)

**Location of Meeting:**

**DoubleTree Guest Suites**  
16500 Southcenter Parkway  
Seattle, WA 98199  
(206) 575-8220

**Date and Time of Meeting:**

Friday, January 13, 2006  
9:30 a.m.

7. **Approval of Minutes:** Regular Meeting, November 17 & 18, 2005
8. **Petition for Review** – Nguyet Pham, Card Room Employee

**Rules Up for Final Action**

9. **Petition for Rule Change - Recreational Gaming Association-Increasing Admin. Fees for Player-Supported Jackpots from 10% to 35%** **Cally Cass, Assistant Director**  
*Filed on 08/24/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-17-205. Filed 10/14/05 as a Proposed Rule Making (CR-102) under WSR # 05-21-076 with a published date of 11/02/05.*
  - a) **Amendatory Section WAC 230-40-610**  
Player-supported jackpots – Restrictions – Manner of conducting - Approval.
10. **Petition for Rule Change - Recreational Gaming Association**  
**Rules of Play for Card Games** **Cally Cass, Assistant Director**  
*Filed on 08/24/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-17-205. Filed 01/14/05 as a Proposed Rule Making (CR-102) under WSR # 05-21-075 with a published date of 11/02/05.*
  - a) **Amendatory Section WAC 230-40-010**  
Social card games – Rules of play – Types of card games authorized.

**Please turn telephones and pagers off during meeting sessions**

**11. Petition for Rule Change - Recreational Gaming Association Cally Cass, Asst. Director  
Increasing Poker Wagering Limits from \$25 to \$100**

*Filed on 08/24/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-17-205. Filed 10/14/05 as a Proposed Rule Making (CR-102) under WSR # 05-21-077 with a published date of 11/02/05.*

**a) Amending Section WAC 230-40-120**

Limits on wagers in card games.

**12. Petition for Rule Change - Recreational Gaming Association  
Increasing House-Banked Card Game Wagering Limits Cally Cass, Asst. Director**

*Filed on 08/24/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-17-205. Filed 10/14/05 as a Proposed Rule Making (CR-102) under WSR # 05-21-074 with a published date of 11/02/05.*

**a) Amending Section WAC 230-40-120**

Limits on wagers in card games.

**13. Petition for Rule Change – Monty Harmon. Cash Defined Cally Cass, Asst. Director**

*Filed on 08/24/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-17-204. Filed 10/26/05 as a Proposed Rule Making (CR-102) under WSR # 05-22-028 with a published date of 11/16/05.*

**a) New Section WAC 230-02-101**

Cash defined.

**b) Staff's Alternative**

**Amending Section WAC 230-12-050**

Extension of credit, loans, or gifts prohibited -- Limited exception.

### **Rules Up for Discussion**

**14. Activity Reports - Bingo, Raffles & Amusement Games Dave Trujillo, Asst. Director**

*Filed on 08/31/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-18-037. Filed 11/21/05 as a Proposed Rule Making (CR-102) under WSR # 05-23-130 with a published date of 12/07/05.*

**a) Amending Section WAC 230-08-120**

Quarterly activity report by operators of bingo games (license Class D and above).

**b) Amending Section WAC 230-08-125**

Annual activity reports -- Certain activities operated by charitable or nonprofit Organizations.

**c) Amending Section WAC 230-08-180**

Annual activity reports by commercial amusement game operators.

**d) Amending Section WAC 230-08-250**

Annual activity reports by agricultural fairs and other bona fide charitable or nonprofit

organizations with special location licenses to conduct bingo, raffles, and amusement games.

### **Rules Up for Discussion and Possible Filing**

**15. Petition for Rule Change – Punchboard & Pull-Tab Service Business**

*Filed on 12/07/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-24-096.*

**Dave Trujillo, Asst. Director**

**a) Amendatory Section WAC 230-02-205**

Gambling service supplier defined.

**b) Amendatory Section WAC 230-02-208**

Punch board and pull-tab service business defined.

**c) Amendatory Section WAC 230-04-133**

Punch board and pull-tab service business – Registration required –  
Procedures – Restrictions.

**16. Gambling Equipment at Trade Shows and Conventions**

*Filed on 09/20/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-19-129.*

**Neal Nunamaker, Deputy Director**

**a) New Section WAC 230-12-337**

Manufacturers and distributors transporting and displaying gambling  
devices - Trade shows and conventions.

**17. Petition for Rule Change – Card Room Pit Supervision Cally Cass, Asst. Director**

*Filed on 12/07/05 as a Pre-Proposal Statement of Inquiry (CR-101) under WSR #05-24-095.*

**a) Amendatory Section WAC 230-40-815**

Administrative and accounting control structure – Organization – House-banking.

**18. Other Business/General Discussion/Comments from the Public/Adjournment**

*Upon advance request, the Commission will pursue reasonable accommodations to enable persons with disabilities to attend Commission meetings. Questions or comments pertaining to the agenda and requests for special accommodations should be directed to Shirley Corbett, Executive Assistant at (360) 486-3447 or TDD (360) 486-3637. Questions or comments pertaining to rule changes should be directed to Susan Arland, Rules Coordinator and Public Information Officer at (360) 486-3466.*



## Rule Up For Final Action

Proposed Amendments to  
WAC 230-40-610(3)  
Player-supported jackpots— Restrictions – Manner  
of conducting - Approval.

**ITEM 9(a) on the January 13, 2006, Commission Agenda. Statutory Authority 9.46.070 & 9.46.0282**

### **Who proposed the rule change?**

Dolores Chiechi, on behalf of the Recreational Gaming Association.

### **Why is this rule change proposed?**

Card rooms offering poker may collect a 10% rake from players' wagers, up to \$5 each hand. For games that offer a player-supported jackpot (PSJ), up to \$2 may be raked from each hand and put towards the PSJ. Of the \$2 PSJ rake, card rooms may retain up to 10% as administrative fees. For example, if wagers total \$60, a card room could rake \$7 from the wagers (\$5 for the card room rake and \$2 for the PSJ rake); the card room would keep \$5, 20 cents would be charged as a PSJ administrative fee, and \$1.80 would go toward the PSJ.

At the September meeting, the Commission filed a Petition submitted by the Recreational Gaming Association requesting that the PSJ administrative fee be increased from 10% to 35%. This would increase the administrative fees a card room could keep from each \$2 PSJ rake from 20 cents to 70 cents.

PSJ funds must be kept in a separate PSJ bank account. The 10% administrative fee is intended to allow licensees to recoup the administrative expenses incurred with maintaining the separate PSJ bank account, including banking fees and recordkeeping. The Petitioner has provided no justification to support an increase in this fee.

Staff believes a 35% administrative fee is extremely high. PSJ funds are the players' funds and staff feels these funds should be returned to players and not kept as an additional revenue source for the business.

### **Attachments:**

Petition for Rule Change and letter dated 8/12/05

Letter from Ms. Chiechi dated 8/23/05. In this letter, the Petitioner states that a 35% administrative fee for player-supported jackpots would make the administrative fee consistent to what is now taken for house-banked progressive jackpots. Staff's Note: House-banked progressive jackpots allow a voluntary bet to be placed by players.

Proposed amendment to WAC 230-40-120

### **Addition after the last meeting:**

**Letter dated December 19, 2005, from a card player opposing the fee increase (letter on blue paper).**

### **Statements against the proposed rule change.**

Letter dated December 19, 2005, from a card player opposing the fee increase (letter on blue paper).

### **Which licensees will be directly impacted?**

Licensees conducting player-supported jackpots.

### **What are the potential impacts to the agency?**

Minimal.

### **Staff recommendation.**

Staff continue to oppose the petition.

## **September, October and November 2005, and January 2006, Agenda Version**

### **AMENDATORY SECTION:**

#### **WAC 230-40-610 Player-supported jackpots -- Restrictions -- Manner of conducting -- Approval.**

A player-supported jackpot (PSJ) is a separate contest of chance directly related to the play and/or outcome of authorized nonhouse-banked card games but which is not the card game itself. Card rooms with a Class F or house-banked license may establish a prize fund for the purpose of operating a PSJ for nonhouse-banked card games. Any PSJ must be approved in writing by the director or the director's designee prior to play. A PSJ must meet the following requirements:

##### **Funding a PSJ.**

(1) A licensee may provide house funds to establish a PSJ. The licensee shall issue a check from the general business account into the PSJ account to start the prize fund. Recouping of start up funds shall be done by issuing a check from the PSJ account to the business general account. Electronic bank transfers shall satisfy this requirement. Start up funds shall not exceed five thousand dollars per PSJ.

##### **Using a rake to fund a PSJ.**

(2) A licensee may assess a portion of players' wagers for a jackpot prize. Such amount shall not exceed one dollar per hand or game for each PSJ. This assessment shall be separately collected using the rake method.

##### **PSJ funds are player funds - exception from administrative fee.**

(3) The licensee acts only as the custodian of the PSJ funds, including any interest earned on this money, and maintains no legal right to the funds. All PSJ funds shall be awarded as prizes, based upon a format approved by commission staff. An administrative fee not to exceed ~~((ten))~~ thirty-five percent of the amount collected for a PSJ may be imposed by the licensee. This administrative fee includes all expenses incurred by the licensee, including banking fees. No other expenses beyond the ten percent administrative fee shall be deducted from the PSJ account.

##### **Prize fund custodian.**

(4) Each licensee shall designate at least one "prize fund custodian" who shall be responsible for safeguarding and disbursing funds to winners. A prize fund custodian may be an owner, partner, officer, or licensed individual designated by a card room owner, partner, or officer. The custodian shall have signature authority for prize fund bank accounts and ensure accountability of all funds collected for use in a PSJ. The licensee shall meet the deposit requirements of WAC 230-40-608.



### **Payout of prizes.**

(5) Prize amounts paid in cash shall not exceed two thousand five hundred dollars. Prize amounts not awarded in cash shall be paid within twenty-four hours, by check, the type which provides a duplicate copy. A record of all prizes paid shall be maintained in the format prescribed by commission staff and shall include:

(a) For prizes less than one hundred dollars, a system of accounting denoting each individual prize may be utilized.

(b) For prizes one hundred dollars and above, the following information shall be recorded on a prize record:

(i) Full printed name;

(ii) Date of birth;

(iii) Street address;

(iv) Type of identification reviewed;

(v) Amount of the prize awarded;

(vi) Description of the winning hand;

(vii) Time and date awarded; and

(viii) The supervisor's and dealer's initials.

(c) When awarding a prize of five hundred dollars or more, the dealer must, in view of the surveillance camera, display the value and suit of each card in the winning hand, and the remaining cards in the deck must be counted and put in numerical order by suit to confirm a complete deck. The hand shall be collected and sealed with the prize record. The winning hand and remaining deck shall be maintained on the premises as part of daily card room records for a period of seven days, unless released by a commission agent.

### **Owners and employees competing for a PSJ.**

(6) Owners, custodians and on-duty card room employees may participate in card games that offer a PSJ, but may not share in the winnings of any prize awarded. Any prize winnings an owner or on-duty employee may be entitled to under game rules, must be divided equally among the other players at the table: Provided, That off-duty employees may participate in card games that offer a PSJ and share in the prize winnings.

### **Owners and employees showing cards.**

(7) Owners and on-duty card room employees must turn their cards face up at the end of each game so they may be observed by other players at the table and surveillance if:

(a) Playing in a game with a PSJ;

(b) The prize is not based upon a predetermined hand; and

(c) There is a qualifying hand at the end of a game (such as a "bad beat" hand).

### **House dealer required.**

(8) All card games offering a PSJ must utilize a house dealer.

**Security requirements.**

(9) Each gaming table offering a PSJ shall be required to install a closed circuit television system as outlined in WAC 230-40-625: Provided, That licensees operating any house-banked card games shall follow the security requirements set forth in WAC 230-40-825 for all tables in the card room, including those offering a PSJ.

**Removing a PSJ from play.**

(10) The following procedures shall be followed for all discontinued player-supported jackpots:

*Discontinued.*

(a) In the event a licensee elects to discontinue a PSJ, the balance, less any nonrecouped seed money, shall be distributed to players within sixty days of discontinuance by offering an approved promotion or card tournament of the same game under which the PSJ was originally accrued.

*Closure of business.*

(b) In the event a licensee ceases to operate a card room, or fails to maintain a valid card room license, all funds associated with the PSJ shall be distributed to the Washington state council on problem gambling.

*Posting rules.*

(c) The licensee shall conspicuously post a sign stating how PSJ money will be distributed in the event the PSJ is discontinued or the business closes. The sign must be posted at the inception of the PSJ.

**House rules.**

(11) House rules, to include administrative fees shall be posted in a location readily visible by all players and disclose the conditions under which prizes may be won, the prize amount, cost to participate, and any other conditions which may affect the outcome of the game.

**Dispute resolution.**

(12) If a dispute arises involving the outcome of a PSJ, the licensee shall preserve the video recording, the winning hand and remaining deck, and all records for the game where the dispute occurred and shall notify commission staff within twenty-four hours. The licensee shall document all information pertaining to the dispute including:

- (a) The names, addresses, and phone numbers of all players, card room staff, and any witnesses involved;
- (b) Amount of the advertised PSJ; and
- (c) A full description of the circumstances surrounding the dispute.

(13) All disputes involving a PSJ will be investigated by commission staff, with a report submitted to the director. A written decision will be issued by the director, or the director's designee, and such decision shall be final.

(14) During the course of dispute resolution, the commission may become the temporary custodian of any and all prize funds. The PSJ will be suspended until the dispute is resolved.



# Rule Up For Final Action

Proposed Amendments to

WAC 230-40-010

Social card games—Rules of play—Types of card games authorized.

ITEM 10(a) on the January 13, 2006, Commission Agenda. Statutory Authority 9.46.070 & 9.46.0282	
<b>Who proposed the rule change?</b>	
Dolores Chiechi, on behalf of the Recreational Gaming Association.	
<b>Why is this rule change proposed?</b>	
<p>This rule authorizes certain types of card games and rules of play. With very limited exceptions, players are required to receive cards and base their decision to fold, discard, draw additional cards, or raise the wager on the cards in their hand.</p> <p>At the September meeting, the Commission filed a Petition submitted by the Recreational Gaming Association requesting a change to card game rules of play so players are no longer required to receive their own hand of cards. Instead, players would be responsible for their own decisions regarding the game, rather than their own hand. A player would still be prohibited from betting on another player's position.</p> <p>This change would allow additional types of card games, such as Mini-Baccarat, Craps style games (played with cards) and other games in house-banked card rooms, with one or more decks of standard playing cards.</p> <p>Currently, staff reviews each new card game before it is put into play, to ensure it meets the requirements of this rule. If the proposed amendment is adopted, staff would continue to approve each game before it is put into play.</p> <p><b>Policy Considerations:</b> May be perceived as an expansion of gambling, as it adds new card games where players are not required to have their own hand of cards.</p> <p><b>Regulatory Considerations:</b> Increasing complexity of games and additional wagering options may make it more difficult to detect cheating. It may increase staff time investigating cheating allegations, processing administrative actions, and reviewing and approving new games.</p> <p><b>Attachments:</b> Petition for Rule Change and WAC 230-40-010</p>	
<b>Statements against the proposed rule change.</b>	
None.	
<b>Which licensees will be directly impacted?</b>	
Card rooms.	
<b>What are the potential impacts to the agency?</b>	
There will be an increase in staff time spent reviewing, approving, and monitoring games.	
<b>Staff recommendation.</b>	
Whether or not to allow this is a policy decision for the Commission.	
<b>Proposed effective date.</b>	
If the proposed amendment is adopted, the Petitioner requests it become effective 31 days after filing.	

**September, October and November 2005, and January 2006, Agenda Version**

**AMENDATORY SECTION:**

**WAC 230-40-010 Social card games -- Rules of play -- Types of card games authorized.**

Social card games shall be played using rules and procedures as set forth in this section. Only card games that have been specifically authorized are allowed to be played in public or social card rooms.

**Rules of play for all card games.**

- (1) Social card games shall be played in the following manner:
  - (a) The game must be played with one or more standard decks of playing cards or with approved electronic card facsimiles which meet the requirements of WAC 230-40-070 (1)(c): Provided, That cards may be removed to comply with rules of a specific game, such as pinochle;
  - (b) Players shall compete against all other players on an equal basis for nonhouse-banked games or against the licensee for house-banked games;
  - (c) Each player shall ~~((receive their own hand of cards and))~~ be responsible for their own decisions regarding the game ~~such hand, such as whether to fold, discard, draw additional cards, or raise the wager;~~
  - (d) Players shall not place wagers on any other player's ~~or the house's hand~~ betting positions and no side bets between players are allowed: Provided, That the following shall not be in violation of this section:
    - (i) An insurance bet placed in the game of blackjack;
    - (ii) A tip wager made on behalf of a dealer; or
    - (iii) "Envy" provisions which allow a player to receive a prize if another player wins a jackpot or odds wager;
  - (e) A player's win or loss shall be determined during the course of play of a single card game; and
  - (f) No more than two separate games shall be played with a single hand of cards. For purposes of this section, bonus features and progressive jackpots are considered a game: Provided, That bonus features that allow a player to receive an additional prize if another player achieves a specific hand, such as "envy" or "share the wealth" features, shall not be considered a separate game if the player does not have to place a separate wager to participate.

**Nonhouse-banked card games authorized.**

- (2) Nonhouse-banked card games shall only be played in the manner set forth in *The New Complete Hoyle, Revised, Hoyle's Modern Encyclopedia of Card Games*, or a similar authoritative book on card games approved by the director: Provided, That each licensee may make immaterial modifications to each authorized game set out in Hoyle. The following nonhouse-banked card games are authorized:

- (a) Poker;
- (b) Hearts;
- (c) Pinochle;
- (d) Cribbage;
- (e) Rummy;
- (f) Panguingue (Pan);
- (g) Pitch;
- (h) Bid Whist;
- (i) Other games or modifications to approved games may be approved by the director, or the director's designee, on a case-by-case basis. Requests for approval of a game must be submitted in writing, and include the rules of play and all wagering schemes.

#### **House-banked card games authorized.**

(3) House-banked card games shall be approved by the director, or the director's designee, on a case-by-case basis. Request for approval of a house-banked card game must be submitted in writing, including the rules of play and all wagering schemes. A list of all approved games, modifications to games, and rules of play shall be available at all commission offices. The director may approve games in which the determination of whether a player wins or loses depends upon one or more of the following:

- (a) The player's hand is a specific:
  - (i) Pattern or ranking of cards (pair, straight, flush, royal flush, etc.);
  - (ii) Combination of cards (two queens of hearts, ace and jack of spades, three sevens, etc.); or
  - (iii) Value of the cards (seventeen, twenty-one, etc.); and/or
- (b) The player has a higher or lower ranking or value hand than the house/dealer/banker.

#### **Removing an approved game from play.**

(4) Once a game is approved for play, the director shall not remove it from the authorized list of games without providing licensees written notice. Licensees shall be afforded an opportunity to object to the director's decision. If an objection is filed, an administrative law judge shall review the director's decision utilizing the brief adjudicative procedures set forth in WAC 230-50-010.

#### **Procedures for when a proposed game is denied.**

(5) The licensee shall be notified in writing when the director denies a request for a new game or modification of a game. The notification shall include reasons for the denial and provide the petitioner all information necessary for a formal petition to the commission for rule making, amendments, or repeal, as set forth in WAC 230-50-800.



# Rule Up For Final Action

Amended Rule

WAC 230-40-120 (1)(c)

Limits on wagers in card games.

**ITEM 11(a) on the January 13, 2006, Commission Agenda.**

**Statutory Authority 9.46.070 & 9.46.0282**

## **Who proposed the rule change?**

Dolores Chiechi, on behalf of the Recreational Gaming Association.

## **Why is this rule change proposed?**

The wagering limit for poker is \$25. Poker wagering limits were increased from \$10 to \$25 in May 2000.

At the September meeting, the Commission filed a Petition submitted by the Recreational Gaming Association requesting wagering limits for poker games at house-banked card rooms be increased from \$25 to \$100. Nonhouse-banked card rooms' poker wagering limit would remain at \$25.

The change would significantly raise the stakes in poker games. For example, a poker player in a game with five wagering rounds, and four wagers and raises per wagering round, could bet as much as \$2,000 (\$100 x 4 x 5). Currently, a player's maximum wager is limited to \$500 (\$25 x 4 x 5). There could be additional security concerns for players, card rooms and their employees due to the increased amount of cash at the card room.

## **Policy Considerations**

May be perceived as an expansion of gambling, because it quadruples the current betting limits.

## **Regulatory Considerations**

Stricter card room controls would be necessary, such as surveillance and internal controls.

May increase the incentive to cheat.

May increase staff time investigating cheating allegations and processing administrative actions.

## **Attachments:**

Petition for Rule Change and letter dated 8/12/05

E-mail from Ms. Chiechi dated 8/16/05 clarifying the language in the petition.

Letter from Ms. Chiechi dated 8/23/05

Proposed amendment to WAC 230-40-120

## **Statements against the proposed rule change.**

None.

## **Which licensees will be directly impacted?**

Card room licensees.

## **What are the potential impacts to the agency?**

See Regulatory Considerations above.

## **Staff recommendation.**

Whether or not to allow this is a policy decision for the Commission.

## **Proposed effective date.**

If the proposed amendment is adopted, the Petitioner requests it become effective 31 days from filing.

**September, October and November 2005, and January 2006 Agenda version**

**AMENDATORY SECTION:**

**WAC 230-40-120 Limits on wagers in card games.** Social and public card room licensees shall not allow wagering limits set by the commission to be exceeded in any card game. The number and value of wagers in card games are limited as follows:

**Nonhouse-banked card games.**

(1) Poker:

(a) There shall be no more than five betting rounds in any one game;

(b) The maximum number of wagers in any betting round shall be four, comprised of an initial wager plus three raises; and

(c) The maximum amount of a single wager shall not exceed twenty-five dollars except that licensees authorized to conduct house-banked card games shall not exceed one hundred dollars;

(2) Games based on achieving a specific number of points - each point shall not exceed five cents in value;

(3) An ante, except for panguingue (pan), shall not be more than the maximum wager allowed for the first betting round for any game. The ante may, by house rule, be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round. An ante, by house rule, may be used as part of a player's wager;

(4) Panguingue (pan) - the maximum value of a chip for a payoff shall not exceed ten dollars. An ante will not exceed one chip. Doubling of conditions is prohibited. Players going out may collect not more than two chips from each participating player;

**House-banked card games.**

(5) Licensees authorized to conduct house-banked card games shall not allow a single wager to exceed one hundred dollars , except that such licensees may allow a single wager of up to two hundred dollars on a limited number of tables as follows:

(a) Licensees authorized to operate five tables or fewer may operate one table at the two hundred dollar limit;

(b) Licensees authorized to operate from six to ten tables may operate two tables at the two hundred dollar limit; and

(c) Licensees authorized to operate more than ten tables may operate three tables at the two hundred dollar limit;

(6) A single wager may be made for each decision made by the player before additional cards are dealt or revealed. In addition, for blackjack, an additional wager may be placed for doubling down or splitting pairs; and

(7) Bonus wagers for house-banked progressive jackpots shall not exceed one dollar. Bonus wagers with a predetermined prize amount based upon a separate element of chance within the same game shall not exceed the authorized maximum table limits as described in subsection (5) of this section.





# Rule Up For Final Action

Amended Rule

WAC 230-40-120 (5)

Limits on wagers in card games.

<b>ITEM 12(a) on the January 13, 2006, Commission Agenda.</b>	<b>Statutory Authority 9.46.070 &amp; 9.46.0282</b>
<b>Who proposed the rule change?</b>	
Dolores Chiechi, on behalf of the Recreational Gaming Association.	
<b>Why is this rule change proposed?</b>	
<p>In May 2000, permanent rules were adopted setting wagering limits for house-banked card games at \$100. Effective July 1, 2004, at the request of the card room industry, wagering limits increased to \$200 on a limited basis. Currently, card rooms that operate:</p> <ul style="list-style-type: none"><li>(a) Five tables or fewer may offer \$200 wagering limits at one table;</li><li>(b) Six to ten tables may offer \$200 wagering limits at two tables; and</li><li>(c) More than ten tables may offer \$200 wagering limits at three tables.</li></ul> <p><b>Following is a brief history of the wager increase:</b></p> <p><b>In September 2001</b>, the Recreational Gaming Association (RGA) filed a petition to increase betting limits to \$500. Prior to the Commission taking action on the petition, the RGA withdrew the petition.</p> <p><b>At the November 2001 meeting</b>, the Commission filed a second petition submitted by the RGA, which set forth three options for increasing betting limits. At the January 2002 Commission meeting, the RGA asked that the petition be held over until after the legislative session.</p> <p><b>At the August 2003 meeting</b>, the Commission filed a third petition submitted by the RGA, which requested wagering limits be increased from \$100 to \$300. At the February 2004 meeting, the Commission voted to increase wagering limits to \$200 on a limited basis (effective July 1, 2004). This compromise amendment was adopted after extensive testimony and discussion, both supporting and opposing an increase, over a seven month period at five Commission meetings.</p> <p>Three card rooms have had regulatory violations when they offered \$200 wagering limits at more than the authorized number of tables. Some licensees have said it is difficult to keep track of which tables have the \$200 limits because of shift changes and other distractions.</p> <p>At the September meeting, the Commission filed a Petition submitted by the Recreational Gaming Association asking that \$200 wagering limits be authorized for <i>all</i> house-banked tables, rather than one, two or three tables, depending on the number authorized under a license. They feel having the ability to offer \$200 wagering limits at all tables simplifies the rule.</p> <p><b>Policy Considerations</b></p> <p>May be perceived as an expansion of gambling, because it would increase the wagering limit on all house-banked tables to \$200.</p> <p><b>Attachments:</b></p> <p>Petition for Rule Change and letter dated 8/12/05 and proposed amendment to WAC 230-40-120</p> <p>Letter from Ms. Chiechi dated 8/23/05</p> <p>Letter to Ms. Chiechi informing her of the October 14, 2005, Commission meeting.</p>	
<b>Statements against the proposed rule change.</b>	
None.	
<b>Which licensees will be directly impacted?</b>	
House-banked card rooms.	
<b>What are the potential impacts to the agency?</b>	
None.	
<b>Staff recommendation.</b>	
Whether or not to allow this is a policy decision for the Commission.	
<b>Proposed effective date.</b>	
If the amendment is adopted, the Petitioner requests it become effective 31 days from filing.	

## **September, October and November 2005, and January 2006, Agenda Version**

### **AMENDATORY SECTION:**

**WAC 230-40-120 Limits on wagers in card games.** Social and public card room licensees shall not allow wagering limits set by the commission to be exceeded in any card game. The number and value of wagers in card games are limited as follows:

#### **Nonhouse-banked card games.**

(1) Poker:

(a) There shall be no more than five betting rounds in any one game;

(b) The maximum number of wagers in any betting round shall be four, comprised of an initial wager plus three raises; and

(c) The maximum amount of a single wager shall not exceed twenty-five dollars;

(2) Games based on achieving a specific number of points - each point shall not exceed five cents in value;

(3) An ante, except for panguingue (pan), shall not be more than the maximum wager allowed for the first betting round for any game. The ante may, by house rule, be made by one or more players, but the total ante may not exceed the maximum wager allowed for the first betting round. An ante, by house rule, may be used as part of a player's wager;

(4) Panguingue (pan) - the maximum value of a chip for a payoff shall not exceed ten dollars. An ante will not exceed one chip. Doubling of conditions is prohibited. Players going out may collect not more than two chips from each participating player;

#### **House-banked card games.**

(5) Licensees authorized to conduct house-banked card games shall not allow a single wager to exceed ~~((one))~~ two hundred dollars ~~((, except that such licensees may allow a single wager of up to two hundred dollars on a limited number of tables as follows:~~

~~(a) Licensees authorized to operate five tables or fewer may operate one table at the two hundred dollar limit;~~

~~(b) Licensees authorized to operate from six to ten tables may operate two tables at the two hundred dollar limit; and~~

~~(c) Licensees authorized to operate more than ten tables may operate three tables at the two hundred dollar limit));~~

(6) A single wager may be made for each decision made by the player before additional cards are dealt or revealed. In addition, for blackjack, an additional wager may be placed for doubling down or splitting pairs; and

(7) Bonus wagers for house-banked progressive jackpots shall not exceed one dollar. Bonus wagers with a predetermined prize amount based upon a separate element of chance within the same game shall not exceed the authorized maximum table limits as described in subsection (5) of this section.



# Rule Up For Final Action

Proposed New Section

WAC 230-02-101

Cash defined.

## ITEM 13(a) on the January 13, 2006, Commission Meeting Agenda.

Statutory Authority 9.46.070

### Who proposed the rule change?

Monty Harmon, a licensed gambling service supplier.

### Why is this rule change proposed?

A Petition for Rule Change submitted by Harmon Consulting Inc., was filed at the October 2005, meeting. The Petitioner is requesting that cash be defined in our rules. This new definition of cash would expand the methods players could use to participate in gambling activities and/or receive their winnings.

The petitioner has indicated to staff that the intent of the change is to allow patrons to use “guest cards” to purchase pull-tabs and allow pull-tab winnings to be added to “guest cards.” However, if this proposal is approved it would apply to all gambling activities. The petitioner states in his petition the change would modernize the industry and take advantage of current security benefits of prepaid cashless systems.

Cash is not specifically defined in our rules; however, cash equivalent is defined in WAC 230-40-552 as follows: “a treasury check, personal check, traveler's check, wire transfer of funds, money order, certified check, cashier's check, a check drawn on the licensee's account payable to the patron or to the licensee, or a voucher recording cash drawn against a credit card or debit card.” This rule became effective May 2000 and provided for additional methods of payment to participate in card games, other than cash or personal check. Although the cash equivalent definition only applies to card games, it has been informally used by staff to clarify the definition of cash as it relates to other gambling activities.

The petitioner's intent is for the “guest card” to be purchased and used by patrons at a licensed business. The “guest card” could be used to purchase food, beverages, pull-tabs, and/or participate in other gambling activities. A patron may add additional funds to the “guest card.” Most importantly, licensees may add a player's winnings to the “guest card” rather than paying with cash or a check. The “guest card” would be redeemable for cash at anytime. There would be an accounting system associated with this activity to ensure the accuracy of customer “guest card” balance. At a patron's request, the system would also provide a “guest card” fund balance.

### Staff opposes the petition for the following reasons:

Standards must be developed for an accounting system that interacts with gift cards and gambling activities  
Rules must be reviewed to determine other necessary changes and the impact on other gambling activities  
It would be difficult for staff to verify whether winnings are credited accurately to gift cards  
It would apply to all gambling activities, not just pull-tabs  
It would allow pull-tab winnings to be credited to “guest cards”

### Changes after the November 2005, Commission Meeting:

**Staff's Alternative** (on blue paper): Currently, cash, checks and electronic point-of-sale bank transfers (debit card) are authorized forms of payment to participate in gambling activities (WAC 230-12-050). Gift cards are prepaid and are treated the same as cash. Staff does not have regulatory concerns allowing gift cards or gift certificates to be used as payment to participate in gambling activities. Therefore, gift certificates and gift cards were added as authorized forms of payment to participate in gambling activities; however, gambling winnings must not be added to gift cards or gift certificates.

### Statements against the proposed rule change.

None at this time.

### Which licensees will be directly impacted?

All licensees.

### What are the potential impacts to the agency?

See staff recommendation above for impacts.

### Staff recommendation.

Staff continues to oppose the petition and recommends that staff's alternative be filed for further discussion.



**NEW SECTION:**

**November 2005, Commission Meeting Version**

**WAC 230-02-101 Cash Defined.**

“Cash” is any currency, check, or debit card transaction valued in terms of the US dollar. For purposes of these rules, Canadian currency shall be converted in accordance with the published exchange rates for financial reporting purposes but may be recorded in terms of Canadian or US dollars as long as the records clearly identify the currency used.

In addition, licensees with accounting systems approved by the Gambling Commission may use transactions on “guest cards” and other “cashless” systems as cash transactions for purposes of conducting their business and gambling operations. The systems can not be used for credit transactions and would operate in the same manner as a debit card. Customer purchases would reduce their account balance and their winnings could be added to their balance. Licensees using a “guest card” or “cashless” system must maintain the system so that customer balances could never go below a zero balance even for non gambling purchases or transactions.

**STAFF'S ALTERNATIVE**  
**Up for Filing at the January 2006, Commission Meeting**

**AMENDATORY SECTION:**

**WAC 230-12-050 Extension of credit, loans, or gifts prohibited -- Limited exception.**

No licensee, member or employee thereof shall extend credit, make a loan, or grant a gift to any person playing in an authorized gambling activity, or which enables a person to play in an authorized gambling activity.

**Gifts prohibited -- Exceptions.**

(1) Gifts are items licensees give away to its customers and are not connected to gambling activities regulated by the commission. Licensees shall not offer gifts in conjunction with gambling activities, with the following exceptions:

- (a) Promotions are allowed as authorized by WAC 230-12-045;
- (b) Transportation services provided to and from gambling activities;
- (c) Free or discounted food, drink or merchandise may be provided under the following conditions:
  - (i) The actual cost of any individual item may not exceed five hundred dollars;
  - (ii) The merchandise shall not be traded back to the licensee for cash or be used to further participate in an authorized gambling activity;
- (d) For each individual gift with an actual cost over one hundred dollars, charitable and nonprofit organizations shall prepare and maintain a written record with the following information:
  - (i) How the recipients of the gifts were selected;
  - (ii) The number of gifts awarded; and
  - (iii) The total cost of each gift given.

**Credit and loans prohibited -- Exceptions.**

(2) The consideration required to participate in the gambling activity shall be collected in full, by cash, check, ((or)) electronic point-of-sale bank transfer, gift certificate, or gift card, prior to participation, with the following exceptions:

**Punch boards/pull-tabs.**

(a) The consideration paid for the opportunity to play a punch board or pull-tab series may be collected immediately after the play is completed only when such consideration is ten dollars or less;

**Charitable/nonprofit organization's billing system for members.**

(b) When a bona fide charitable or bona fide nonprofit organization conducting any of the activities authorized by chapter 9.46, RCW or commission rules has a regular billing system for all of the activities of its members with such organization, such billing system may be utilized in connection with the playing of any of the activities authorized hereunder if:

- (i) The playing of such activity is limited to regular members of such organization who have become regular members prior to the commencement of such activity and whose qualifications for membership were not dependent upon, or in any way related to, the playing of such activity; and
- (ii) The director has given prior written consent to the use of such billing system in connection with the conduct of activities authorized under these rules.

**Raffle tickets purchased with credit cards.**

(c) Charitable or nonprofit organizations utilizing credit cards, issued by a state and/or federally regulated financial institution, for payment to participate in raffles.



# Rule Up For Discussion

Proposed Amendments to

## WAC 230-08-120

Quarterly activity report by operators of bingo games (license Class D and above).

**ITEM 14 (a) on the January 13, 2006, Commission Meeting Agenda.**

**Statutory Authority 9.46.070**

### Who proposed the rule change?

Staff.

### Why is this rule change proposed?

This rule describes who must complete this form, when the form is due, who must sign the form, and describes each line item of the form for bingo licensees class D and above. Currently, each line item on the report is specifically identified in the WAC, such as gross gambling receipts, prizes paid, net gambling receipts, full details of all expenses, allocation methods used, net income, attachments to be included with the report, etc. Changes to the form cannot be made unless the WAC is changed.

Earlier in 2005, the Commissioners approved streamlined financial activity reporting rules for commercial operators by eliminating the listing of each specific item to be reported. Instead, the rule states that instructions will provide the details on what needs to be reported.

The change will make financial reporting for charitable and nonprofit organizations consistent with reporting requirements for commercial operators.

This change will facilitate progress toward future online activity reporting for charitable and nonprofit organizations.

### Statements against the proposed rule change.

None

### Which licensees will be directly impacted?

Bingo licensees class D and above

### What are the potential impacts to the agency?

Minimal.

### Staff recommendation.

Further discussion.

### Proposed effective date.

March 13, 2006, assuming the rule is adopted at the February 10, 2006, Commission meeting to become effective 31 days from filing.



# Rule Up For Discussion

Proposed Amendments to

## WAC 230-08-125

Annual activity reports- Certain activities operated by charitable or nonprofit organizations.

**ITEM 14 (b) on the January 13, 2006, Commission Meeting Agenda.**

**Statutory Authority 9.46.070**

### Who proposed the rule change?

Staff.

### Why is this rule change proposed?

This rule describes who must complete this form, when the form is due, who must sign the form, and describes each line item of the form. Currently, each line item on the report is specifically identified in the WAC, such as gross gambling receipts, prizes paid, net gambling receipts, full details of all expenses, allocation methods used, net income, etc. Changes to the form cannot be made unless the WAC is changed.

Earlier in 2005, the Commissioners approved streamlined financial activity reporting rules for commercial operators by eliminating the listing of each specific item to be reported. Instead, the rule states that instructions will provide the details on what needs to be reported.

The change will make financial reporting for charitable and nonprofit organizations consistent with reporting requirements for commercial operators.

This change will facilitate progress toward future online activity reporting for charitable and nonprofit organizations.

### Statements against the proposed rule change.

None.

### Which licensees will be directly impacted?

Charitable or nonprofit organizations licensed to operate raffles, amusement games, Class A, B, or C bingo games, or combination license.

### What are the potential impacts to the agency?

Minimal.

### Staff recommendation.

Further discussion.

### Proposed effective date.

March 13, 2006, assuming the rule is adopted at the February 10, 2006, Commission meeting to become effective 31 days from filing.





# Rule Up For Discussion

Proposed Amendments to

**WAC 230-08-180**

Annual activity reports by commercial amusement game operators.

**ITEM 14 (c) on the January 13, 2006, Commission Meeting Agenda.**

**Statutory Authority 9.46.070**

**Who proposed the rule change?**

Staff.

**Why is this rule change proposed?**

This rule describes who must complete this form, when the form is due, who must sign the form, and describes each line item of the form for commercial amusement game operators. Currently, each line item on the report is specifically identified in the WAC, such as gross gambling receipts, prizes paid, net gambling receipts, full details of all expenses, allocation methods used, net income, etc. Changes to the form cannot be made unless the WAC is changed.

Earlier in 2005, the Commissioners approved streamlined financial activity reporting rules for commercial operators by eliminating the listing of each specific item to be reported. Instead, the rule states that instructions will provide the details on what needs to be reported.

The change will make financial reporting for commercial organizations licensed to operate amusement games consistent with reporting requirements for other commercial operators.

This change will facilitate progress toward future online activity reporting for commercial amusement game operators.

**Statements against the proposed rule change.**

None.

**Which licensees will be directly impacted?**

Commercial amusement game operators.

**What are the potential impacts to the agency?**

Minimal.

**Staff recommendation.**

Further discussion.

**Proposed effective date.**

March 13, 2006, assuming the rule is adopted at the February 10, 2006, Commission meeting to become effective 31 days from filing.



# Rule Up For Discussion

Proposed Amendments to

## WAC 230-08-250

Annual activity reports by agricultural fairs and other bona fide charitable or nonprofit organizations with special location licenses to conduct bingo, raffles, and amusement games.

**ITEM 14 (d) on the January 13, 2006, Commission Meeting Agenda.**

**Statutory Authority 9.46.070**

### Who proposed the rule change?

Staff.

### Why is this rule change proposed?

This rule describes who must complete this form, when the form is due, who must sign the form, and describes each line item of the form. Currently, each line item on the report is specifically identified in the WAC, such as gross gambling receipts, prizes paid, net gambling receipts, full details of all expenses, allocation methods used, net income, etc. Changes to the form cannot be made unless the WAC is changed.

Earlier in 2005, the Commissioners approved streamlined financial activity reporting rules for commercial operators by eliminating the listing of each specific item to be reported. Instead, the rule states that instructions will provide the details on what needs to be reported.

The change will make financial reporting for charitable and nonprofit organizations consistent with reporting requirements for commercial operators.

This change will facilitate progress toward future online activity reporting for charitable and nonprofit organizations.

### Statements against the proposed rule change.

None.

### Which licensees will be directly impacted?

Bona fide charitable or nonprofit licensees who operate bingo, raffles, and amusement games only at agricultural fairs and other special locations.

### What are the potential impacts to the agency?

Minimal.

### Staff recommendation.

Further discussion.

### Proposed effective date.

March 13, 2006, assuming the rule is adopted at the February 10, 2006, Commission meeting to become effective 31 days from filing.

## Amendatory Section

**WAC 230-08-120 Quarterly activity report by operators of bingo games (license Class D and above).** Each organization licensed to conduct bingo games in Class D and above shall submit an activity report to the commission concerning the licensed activity and other matters set forth below. ~~((during each of the following periods of the year:))~~

(1) Licensees must report on activity occurring between:

- (a) January 1 through March 31,
- (b) April 1 through June 30,
- (c) July 1 through September 30, and
- (d) October 1 through December 31 of each year.

(2) ~~((If the licensee does not renew its license, then it shall file a report for the period between the previous report filed and the expiration date of its license.))~~ A report shall be submitted for any period of time the activity was operated or a license was valid. If a license was not renewed, a report for the period between the previous report and the expiration date shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than 30 days following the end of the period for which it is made;

(4) The report shall be signed by the highest ranking officer or his/her designee. If the report is prepared by someone other than the licensee or an employee, then the preparer shall print his/her name and phone number on the report.

(5) The report shall be completed in accordance with the related instructions furnished with the report. ~~The report shall include, among other items, the following:~~

~~((—(1) The gross gambling receipts from bingo.~~

~~—(2) The total amount of cash prizes actually paid out and the total of the cost to the licensee of all merchandise prizes actually paid out. Donated prizes will be recorded at the fair market value of the prize at the time they were received by the organization.~~

~~—(3) The net gambling receipts.~~

~~—(4) Full details on all expenses directly related to bingo, including at least the following:~~

~~—(a) Wages, monies, or things of value paid or given to each person connected with the management, promotion, conduct or operation of the bingo game together with an~~

attachment setting out the following:

—(i) Name;

—(ii) Duties performed;

—(iii) Hours worked; and

—(iv) Wages, monies or things of value paid or given for conducting bingo activities. When an employee works in more than one activity, the total hours worked and total wages shall also be reported;

—(b) A statement describing the allocation method used in allocating common use expenses; and

—(c) A detailed listing of all items included under "other."

—(5) The net income.

—(6) The total number of customers participating.

—(7) The total number of sessions held.

—(8) Net income from the operation of retail sales activities operated in conjunction with bingo games.))

## Amendatory Section

**WAC 230-08-125 Annual activity reports -- Certain activities operated by charitable or nonprofit organizations.** Each charitable or nonprofit organization licensed to operate raffles, amusement games, Class A, B, or C bingo games, or combination license shall submit to the commission an annual summary of all such activities. The annual report shall be completed as follows:

(1) The report form shall be furnished by the commission, and the completed report shall be received in the office of the commission or postmarked no later than thirty days following the expiration of such organization's license year.

(2) The report shall be signed by the highest ranking officer or his/her designee. If the report is prepared by someone other than this officer, then the preparer shall include his/her name and phone number on the report;

(3) The report shall be completed in accordance with the related instructions furnished with the report. ~~((The report shall include, among other items, the following:~~

~~—(a) The gross gambling receipts from the conduct of each licensed activity;~~

~~—(b) The total amount of cash prizes actually paid out, and the total of the cost to the licensee of all merchandise prizes actually paid out for each licensed activity. Donated prizes will be recorded at the fair market value of the prize at the time they were received by the organization;~~

~~—(c) The net gambling receipts for each activity;~~

~~—(d) Full details on all expenses directly related to each activity, including all compensation paid by the licensee to each person for any work connected with the management, promotion, conduct or operation of each of the licensed activities, including a description of the work performed by that person: Provided, That RCW 9.46.0277 and WAC 230-20-070 are observed in relation to the restriction against employing persons to conduct or otherwise take part in the operation of a raffle;~~

~~—(e) The net income from each activity;~~

~~—(f) The total number of sessions conducted during the year; and~~

~~—(g) The total number of players participating in bingo games.~~

~~—(4) In addition, organizations that operate retail sales activities in conjunction with bingo games shall report the net income from such.))~~

## Amendatory Section

### **WAC 230-08-180 Annual activity reports by commercial amusement game**

**operators.** (License Class B and above) (1) Each licensee for the operation of commercial amusement games Class B and above shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below.

(2) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than sixty days following the license expiration date.

(3) The report shall be signed by the highest ranking executive officer or their designee. If the report is prepared by someone other than the licensee or their employee, then the preparer's name and business telephone number must be provided.

(4) The report shall be completed in accordance with the related instructions furnished with the report. ~~((The report shall include the following:~~

~~—(a) The total gross gambling receipts;~~

~~—(b) The total cost to the licensee of all prizes awarded;~~

~~—(c) Full details of all expenses related to the purchase and operation of amusement games;~~

~~—(d) Total net gambling income;~~

~~—(5) In addition to the above, commercial amusement game licensees operating amusement games at locations on a temporary basis set forth in WAC 230-04-138 (1)(a), (d), or (e) or as authorized by WAC 230-20-670(2) shall provide for each separate location:~~

~~—(a) The name and address of the business and/or event;~~

~~—(b) The total gross gambling receipts received; and~~

~~—(c) The amount of funds distributed to the premise/location owner.))~~

## **Amendatory Section:**

**WAC 230-08-250 Annual activity reports by agricultural fairs and other bona fide charitable or nonprofit organizations with special location licenses to conduct bingo, raffles, and amusement games.** (1) Each bona fide charitable or nonprofit licensee for the operation of bingo, raffles, and amusement games conducted only at agricultural fairs and other special locations shall submit an activity report to the commission concerning the operation of the licensed activities and other matters set forth below for the period of their license.

(2) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than 30 days following the expiration date of the license. All persons operating by virtue of a permit issued by the commission shall furnish to the licensee in conjunction with whom the permit is used, all information with respect to their own operation which is needed by the licensee to complete its report not less than ten days prior to the time the licensee is required to file his report with the commission.

(3) The report shall be signed by the highest ranking executive officer or his designee. If the report is prepared by someone other than the licensee or his employee, then the preparer shall also sign the report.

(4) The report shall be completed in accordance with the related instructions furnished with the report. ~~((The report shall include, among other items, the following:~~

- ~~—(1) The gross receipts from each separate gambling activity;~~
- ~~—(2) The total cash prizes actually paid out and the total of the cost to the licensee of all merchandise prizes actually paid out for each separate gambling activity;~~
- ~~—(3) The net receipts for each separate gambling activity;~~
- ~~—(4) Full details on all expenses directly related to each separate gambling activity;~~
- ~~—(5) The net income from each separate gambling activity; and~~
- ~~—(6) The gross receipts from the rental or leasing of space for licensed gambling activities.))~~



# Rule Up For Discussion and Possible Filing

Proposed amendments to

**WAC 230-02-205 (2)(d)** Gambling service supplier defined.

**WAC 230-02-208 (3)** Punch board and pull-tab service business defined.

**WAC 230-04-133 (4)(b)** Punch board and pull-tab service business –  
Registration required – Procedures – Restrictions.

ITEM15 (a) on the January 13, 2006, Commission Meeting Agenda. Statutory Authority 9.46.070(14)(20)

## Who proposed the rule change?

Susan Guarascio, a licensed service supplier.

## Proposed Change

The current rules require a punchboard and pull-tab service business to apply for a gambling service supplier license if their combined gross billing is more than \$20,000 during any calendar year. The petitioner requests the combined gross billings threshold be increased from \$20,000 to \$25,000.

## History of Rule

This rule established a classification for punchboard/pull-tab service businesses to operate under a permit. These businesses are usually a sole proprietorship or small partnership that enters into an agreement with a licensed operator to store used punchboard and pull-tab games and accompanying records. The cost of a punch board and pull-tab service business permit is \$217, with an annual renewal fee of \$53.

Currently, thirteen punchboard pull-tab recordkeeping/storage services businesses operate under a punchboard and pull-tab service business permit.

## Impact of the Proposed Change

If a permit holder's combined gross billing exceeds \$20,000, the permit holder is required to become a gambling service supplier. This license costs \$630 each year because the level of background scrutiny and investigation to source funds is greater than a permit investigation.

Currently, seven punchboard pull-tab recordkeeping/storage businesses are licensed as gambling service suppliers; six of these licensees have billings in excess of \$40,000, while one (the Petitioner) has billing under \$25,000.

At this time, if the billing threshold is increased to \$25,000, Ms. Guarascio's business is the only licensed service supplier that could downgrade to a punchboard/pull-tab service business permit.

## Regulatory Concerns

None.

## Resource Impacts

Minimal.

## Policy Consideration

None.

## Stakeholder Statements Supporting the Proposed Rule Change

None.

## Stakeholder Statements Opposing the Proposed Rule Change

None.

## Licensees Directly Impacted By the Change

One licensed service supplier (the petitioner) and thirteen businesses that hold punchboard and pull-tab service business permits.

## Staff Recommendation

File for further discussion.

## Proposed Effective Date for Rule Change

July 1, 2006.



## **Amendatory Section:**

### **WAC 230-02-205 Gambling service supplier defined.**

A "gambling service supplier" is any person who provides gambling related services for compensation, whether directly or indirectly.

(1) Gambling related services include at least the following:

- (a) Providing consulting or advisory services regarding gambling activities;
- (b) Providing gambling related management services;
- (c) Providing financing for purchases or leases of gambling equipment or for providing infrastructure that supports gambling operations for more than one licensee. For purposes of this section, financing by any bank, mutual savings bank, or credit union regulated by the department of financial institutions or any federally regulated commercial lending institution shall not be deemed as providing gambling related services;
- (d) Providing any other service or activity where influence may be exerted over any gambling activity licensed by the commission;
- (e) Providing assembly of components for gambling equipment under a contract with a licensed manufacturer;
- (f) Providing installation, integration, maintenance, or any other service of digital surveillance systems that allows direct access to the operating system; or
- (g) Training individuals to conduct authorized gambling activities.

(2) The term "gambling services supplier" does not include the following:

- (a) Universities and colleges that are regulated by the Washington state board of community and technical colleges and the higher education coordinating board which train individuals to conduct authorized gambling activities;
- (b) Licensed manufacturers or distributors who service and repair pull-tab dispensing devices, bingo equipment or any other authorized gambling equipment;
- (c) Attorneys, accountants, and governmental affairs consultants whose primary business is providing professional services that are unrelated to the management or operation of gambling activities; and
- (d) Persons that only provide nonmanagement related recordkeeping services for punch board and pull-tab operators, when the combined total gross billings from such services does not exceed twenty **five** thousand dollars during any calendar year.

## **Amendatory Section:**

### **WAC 230-02-208 Punch board and pull-tab service business defined.**

"Punch board and pull-tab service business" is defined as a person that provides recordkeeping services for punch board and pull-tab operators for compensation and:

- (1) The individuals are not employees of the operator;
- (2) The recordkeeping services do not include recommendations or advice of a management nature;
- (3) The combined total gross billings for such services during any calendar year does not exceed twenty **five** thousand dollars; and
- (4) The records completed are normally the responsibility of the operator. For purposes of this section, recordkeeping duties that are normally the responsibility of the operator include at least the following:
  - (a) Reconciling sales, prizes, and cash on hand for punch boards and pull-tab series;
  - (b) Completing mandatory records required by WAC 230-08-010: Provided, That recordkeeping services provided by a professional accounting business are exempt from these requirements when:
    - (i) The business performs services other than punch board and pull-tab records for the licensee;
    - (ii) The business has clients other than punch board and pull-tab licensees; and
    - (iii) The recordkeeping service only includes transcribing entries from the licensee into the required format; and/or
  - (c) Storing boards and series removed from play.

## **Amendatory Section:**

### **WAC 230-04-133 Punch board and pull-tab service business — Registration required — Procedures — Restrictions.**

It is in the public's interest to closely control gambling devices and records relating to the operation of a gambling activity. The commission must identify all individuals and businesses that have control over gambling devices, including punch boards and pull-tabs, and all records relating to the operation of gambling activities. Businesses that provide punch board and pull-tab record services, as defined by WAC 230-02-208, shall register with the commission and receive a permit prior to providing services to a licensee. The following procedures and restrictions apply to punch board and pull-tab service businesses:

- (1) Each business seeking to register as a punch board and pull-tab service business shall submit a permit application on a form provided by the commission. Such application shall be complete in every respect, accompanied by proper fees, and signed by the applicant. The application shall include at least the following:
  - (a) A complete description of the services provided; and
  - (b) Personal and criminal history forms for all individuals involved in providing services.
- (2) The permit shall be valid for a period not to exceed one year from the date approved.
- (3) Any changes in information provided with the application must be submitted to the commission within thirty days of change.
- (4) The permit becomes void and the business must apply for a gambling service supplier license to continue providing services if any of the conditions listed below occur:
  - (a) The nature of the business being provided changes to include services defined in WAC 230-02-205(1); or
  - (b) The combined total gross billings from providing services exceeds twenty **five** thousand dollars during the permit period.
- (5) The permit may be revoked by the director at any time for the following reasons:
  - (a) Reasons set forth in WAC 230-04-400 or RCW 9.46.075; or
  - (b) The permit holder has acted with gross negligence or intentionally misstated or manipulated a licensee's records or punch board/pull-tab games; or
  - (c) Failure to produce an operator's record or copies thereof, or punch board or pull-tab games when requested by a commission agent.
- (6) Immediately upon request, a punch board and pull-tab service business shall provide the commission or any of its representatives a complete list of customers and the location where records of each are maintained.
- (7) If a punch board and pull-tab service business or associate of such business has any interest in a licensed manufacturer or distributor, they shall inform the commission, any operator to which they provide services, and the manufacturer or distributor of the relationship. The director may restrict the manufacturer or distributor from selling punch boards or pull-tabs to such operator.
- (8) Punch board and pull-tab service business permit holders shall follow the records requirements of WAC 230-08-026 (1)(a), (c), (d), (2), and (3). In addition, such businesses shall be familiar with minimum recordkeeping requirements and availability of records for services they provide, including but not limited to WAC 230-08-010, 230-12-010 and 230-30-072.



## Rule Up For Discussion and Possible Filing

Proposed New Rule

WAC 230-12-337

Manufacturers and distributors transporting and displaying gambling devices - Trade shows and conventions.

ITEM 16 (a) on the January 13, 2006, Commission Meeting. Statutory Authority RCW 9.46.070 & RCW 9.46.215(2)(3)

### Who proposed the rule change?

Staff.

### Proposed Change

This new rule would allow licensed manufacturers and distributors to transport, display and take orders for authorized gambling devices at trade shows and conventions. The target audience of the trade show or convention must be operators of authorized gambling activities.

### History of Rule

RCW 9.46.215 states that possession or transportation of gambling devices is illegal, unless authorized by RCW or Commission rule. The new rule authorizes licensed manufacturers and distributors to transport gambling devices to trade shows and display them to authorized operators.

The new rule would not allow unlicensed manufacturers or distributors to possess or transport gambling devices in Washington state.

### Impact of the Proposed Change

Commission staff has received an increased number of requests from manufacturers and distributors about whether they can display their gambling devices at trade shows or conventions. The agency has devoted staff resources to respond individually to these inquiries.

The new rule will provide guidance to staff and licensees as to where gambling devices may be transported and possessed. Additionally, the new rule will promote consistency among Commission staff when applying the law to various situations.

### Regulatory Concerns

None.

### Resource Impacts

Staff spends approximately 100 hours per year responding to requests to bring gambling devices into Washington state. The new rule will reduce staff time responding to these requests.

### Policy Consideration

This new rule would allow the activity and provide for strict regulation and control.

### Stakeholder Statements Supporting the Proposed Rule Change

None.

### Stakeholder Statements Opposing the Proposed Rule Change

None.

### Licensees Directly Impacted By the Change

Manufacturers, distributors, and operators of gambling devices.

### Staff Recommendation

File for further discussion.

### Proposed Effective Date for Rule Change

31 days after filing.



**New Section:**

**WAC 230-12-337 Manufacturers and distributors transporting and displaying gambling devices - Trade shows and conventions.**

A manufacturer or distributor licensed to sell authorized gambling devices in Washington State may transport, display and accept orders for the sale or lease of those devices at trade shows and conventions, under the following restrictions:

- 1) The target audience of the trade show or convention must be operators of authorized gambling activities in Washington State;
- 2) The commission must be notified in writing of the nature, date, and location at least ten days before the trade show or convention; and
- 3) All gambling devices purchased or leased at the trade show or convention must be delivered to the operator's authorized location.



## Rule Up For Discussion and Possible Filing

Proposed Amendment to  
WAC 230-40-815  
Administrative and accounting control structure –  
Organization – House-banking.

ITEM 17 (a) on the January 13, 2006, Commission Meeting Agenda.  
Statutory Authority 9.46.070 & 9.46.0282

### Who proposed the rule change?

Larry Wheaton, Goldie's Shoreline Casino

### Proposed Change

Larry Wheaton submitted a Petition for Rule Change requesting that the number of tables a floor supervisor is authorized to supervise be increased from five to six tables regardless of the total number of tables open.

### History of Rule

Currently, WAC 230-40-815(3)(c)(ii) requires a floor supervisor in a house-banked card room be assigned the responsibility of supervising gaming at no more than five tables in the gaming pit. However, the number of tables supervised can be increased to seven tables if there are no more than seven tables open and the layout was pre-approved by Commission staff.

Floor supervisors monitor the play at each gaming table to ensure dealers follow game rules and respond to irregularities at the gaming tables. Supervisors verify activities such as buy-ins, and large payouts or jackpots. Their presence in the pit also serves as an extra set of eyes that can detect and deter cheating at the gaming tables. Their presence helps us to ensure that gaming is legal and honest.

### Impact of the Proposed Change

Under current rules, if the licensee has two gaming pits, one with six tables open and one with five tables open they must have two supervisors in the six table pit and one in the five table pit, for a total of three floor supervisors on duty. The petitioner states that the additional floor supervisors are costing him over \$75,000 a year.

Under the proposed change, the licensee would only need to have two supervisors on duty per shift. Each establishment has their pits configured differently, so the rule would have a slightly different effect on each.

### Regulatory Concerns

This change would not have an affect on our regulatory programs. We are making inquiries to determine what other states are doing in regard to this issue and will have those results for the February Commission meeting.

### Resource Impacts

Staff currently monitors compliance with this rule as part of a compliance module that is conducted a minimum of two times a year. Staff may also randomly check compliance during other scheduled visits. The time needed to verify compliance is minimal and the change would have no effect on our compliance schedule.

Policy Consideration
None at this time.
Stakeholder Statements For the Proposed Rule Change
None at this time.
Stakeholder Statements Against the Proposed Rule Change
None at this time.
Licensees Directly Impacted
House-banked card rooms.
Staff Recommendation
File for further discussion. Staff does not support this change as worded because it is specific to the pit layout at Goldie's Casino. Staff will submit alternative wording for the February Commission Meeting.
Proposed Effective Date for Rule Change
The petitioner requests the change be effective 31 days from filing.



## **Amendatory Section:**

**WAC 230-40-815** Administrative and accounting control structure – Organization – House-banking.

Each licensee operating a house-banked card game shall ensure that all games are closely controlled, operated fairly and in accordance with all rules of the commission. The following control procedures and conditions shall be met:

### **Internal controls.**

(1) The licensee shall have a system of internal controls that include at least the following:

(a) Administrative controls, which include, but are not limited to, the organization's plan, procedures, and records concerned with decision processes leading to management's authorization of transactions; and

(b) Accounting controls which include the licensee's plan, procedures, and records concerned with the safeguarding of assets and the reliability of financial records. These controls must be designed to provide reasonable assurance that:

(i) Transactions are executed in accordance with management's general and specific authorization;

(ii) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles, and to maintain accountability for assets;

(iii) Access to assets is permitted only in accordance with management's authorization; and

(iv) The recorded accountability for assets is compared with existing assets at least annually and appropriate action is taken within five working days with respect to any differences.

### **Administrative controls.**

(2) The licensee's system of administrative controls shall provide for the following:

(a) Competent personnel with an understanding of prescribed procedures;

(b) The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties; and

(c) Each employee of a house-banked card room shall be licensed by the commission and shall be knowledgeable in all accounting and internal control practices and procedures relevant to each employee's individual function.

### **Separate departments and functions.**

(3) The licensee shall, at a minimum, establish the following departments or functions that shall be independent from all other departments or functions:

#### *Surveillance.*

(a) A surveillance department which shall not include security functions or personnel. The head of surveillance shall be responsible for, but not limited to, the following:

- (i) The clandestine surveillance of the operation and conduct of the table games;
- (ii) The clandestine surveillance of the operation of the cashier's cage;
- (iii) The video and audio recording of activities in the count rooms;
- (iv) The detection of cheating, theft, embezzlement, and other illegal activities in the gaming facility, count rooms, and cashier's cage;
- (v) The video recording of unusual or suspected illegal activities;
- (vi) The notification of appropriate supervisors and commission staff, within three working days, upon the detection of cheating, theft, embezzlement, or other illegal activities;
- (vii) Ensuring that each dealer is evaluated to determine if all required dealer procedures and techniques set forth in the licensee's approved internal controls are followed; and
- (viii) Ensuring all surveillance employees have a demonstrated knowledge of the following:
  - (A) Operating surveillance systems;
  - (B) Rules of play and procedures for the games being played; and
  - (C) The overall procedures relating to the duties of all employees of the house-banked card room being monitored (dealers, shift managers, floor supervisors, cage cashier's and count team members).

*Security.*

- (b) A security department, supervised by a security department manager, is responsible for at least the following:
  - (i) Control of cards and dealing shoes, including storage of new and used cards and shoes, and control of the disposition and/or destruction of same when removed from service; and
  - (ii) Transfer of cash and chips to and from the gaming tables, cage and count room.

*Gaming operations.*

- (c) A gaming operation department supervised by a gaming operation department manager who shall be responsible for the operation of all house-banked card games conducted by ensuring the following:
  - (i) Card games are operated by licensed dealers who are assigned to each gaming table;
  - (ii) A floor supervisor is assigned the responsibility for the overall supervision of the conduct of gaming within a pit and can supervise no more than ~~((five))~~ six tables: Provided, That a single supervisor may supervise up to seven tables, if only seven tables are in operation and the layout was preapproved by commission staff;
  - (iii) A licensee which utilizes two separate areas of a gaming establishment shall require at least one supervisor in each area; and
  - (iv) A shift manager, who reports to the gaming operation department manager, is assigned to supervise floor supervisors and all gaming related activities that occur during each shift. In the absence of the gaming operation department manager, the shift manager shall have the authority of a gaming operation department manager: Provided, That in addition to the floor supervisors required in this subsection, licensees operating more than ten tables shall be required to have a shift manager on the premises.

*Accounting.*

(d) An accounting department supervised by an individual who shall report directly to the chief executive officer or chief operations officer. The responsibilities of the accounting department shall include, but not be limited to, the following:

- (i) Implementing and monitoring of accounting controls;
- (ii) The preparation, control, and storage of records and data required;
- (iii) The control of unused forms inventory along with reconciliation of forms used; and
- (iv) The control and supervision of the cashier's cage.

**Modifications.**

(4) Any changes to the licensee's system of internal controls must be submitted to commission staff and be approved prior to implementation.

**Employees shall be informed of internal controls.**

(5) All licensed operators shall inform their card room employees of the internal controls related to their respective area of responsibility. Furthermore, both the operator and all card room employees shall follow these internal controls at all times.

~~WAC 230-12-340 Sale of gambling equipment, devices, supplies, paraphernalia, and related services—Authorized transactions.~~ Manufacturers and distributors must not offer credit to operators in the sale of gambling equipment, devices, related supplies or paraphernalia, and services. ~~Manufacturers and distributors must conduct all sales of such to operators on a cash basis. "Cash basis" means full payment is received by the seller on or before actual delivery of the product or service to the purchaser.~~

**WAC 230-12-340 Sale of gambling equipment, devices, supplies, paraphernalia, and related services—Authorized transactions.**

**Capital leases.**

(1) All licensed manufacturers and distributors may sell gambling equipment such as dispensers, bingo blowers, roulette wheels, etc., and gambling-related support equipment through capital lease agreements or other financing arrangements to operators subject to the following conditions and requirements:

- (a) The cost of a single item, or group of similar and related items included in the sale, exceeds one thousand dollars;
- (b) The term of the contract does not exceed forty-eight months;
- (c) All terms of the contract are in writing and copies of such agreements are provided to the commission within thirty days of execution;
- (d) The manufacturer or distributor retains only a security interest in the item sold and cannot obtain any ownership interest in the licensee, or exercise any control over the use of the item in the licensed activity;
- (e) The amount of payments is not based on the size or level of gambling activity and is determined by use of a standard amortization schedule for the term and stated interest rate;
- (f) The interest rate charged by the contract is set at the time of sale and does not vary during the term of the contract; and
- (g) The contract does not require the purchaser to directly or indirectly purchase any other products or services from the seller.

**Rental or license agreements.**

(2) ~~Except for punch boards, pull-tabs, bingo paper, bingo supplies, playing cards, and other consumable gambling-related equipment or devices, M~~manufacturers and distributors may lease or rent

gambling equipment to operators. Manufacturers may also enter into license agreements with operators for use of the manufacturer's patented, copyrighted, or trademarked games.

(3) Manufacturers and distributors may only base fee structures for electronic bingo equipment on the number of times a device is used or the number of bingo sessions in which devices are used. Fees must not be determined by a percentage of sales, the number of bingo cards sold through the device, or the average amount a player spends on a device.

**Cash, cCheck or credit card purchases.**

(4) Operators and charitable or nonprofit organizations licensed to conduct bingo may purchase goods ~~and~~ or services from manufacturers or distributors and receive such without making immediate payment if payment is made ~~when paid for~~ by cash, checks, or credit card issued by a state and/or federally regulated financial institution that meet the requirements of WAC [230-12-350](#).

**Exceptions.**

(5) All transactions between manufacturers or distributors and tribal governments or companies certified to manage class III gambling activities operated under a tribal/state compact are exempt from all provisions of this section;

~~(6) Charitable or nonprofit organizations licensed to conduct bingo may purchase bingo cards and bingo supplies from distributors and/or manufacturers and receive such without making immediate payment if payment is made, by check or cash, no later than thirty days after delivery of the product.~~

### **Amendatory Section:**

**WAC 230-04-204 Fees -- Individuals.** Individuals shall submit the following fees to the commission when applying for gambling licenses, permits, miscellaneous changes, or when assessed the cost of special investigation procedures by the commission:

<b>LICENSE TYPE</b>	<b>DEFINITION</b>	<b>FEE</b>
1. <b>CHARITABLE OR NONPROFIT GAMBLING MANAGER</b>	Original	\$ 171
	Renewal	\$ 82
	Change of Employer	\$ 82
2. <b>LINKED BINGO PRIZE PROVIDER REPRESENTATIVE</b>	Original	\$ 239
	Renewal	\$ 146
3. <b>COMMERCIAL GAMBLING MANAGER</b>	Original	\$ 175
	Renewal	\$ 84
	Change of Employer	\$ 84
4. <b>DISTRIBUTOR'S OR GAMBLING SERVICES SUPPLIER REPRESENTATIVE</b>	Original	\$ 239
	Renewal	\$ 146
5. <b>MANUFACTURER'S REPRESENTATIVE</b>	Original	\$ 239
	Renewal	\$ 146
6. <b>PUBLIC CARD ROOM EMPLOYEE</b>  <b>CLASS A - Performs duties as defined in WAC 230-02-415 in a class E card room.</b>   <b>CLASS B - Performs duties as defined in WAC 230-02-415 in enhanced and house-banked card rooms.</b>	Original	\$ 175
	Renewal	\$ 84
	Original, in-state	\$ 237
	Original, out-of-state	\$ 295
	Renewal	\$ 146
	Transfer/Additional	
	Employee/Conversion/	
	Emergency Waiver Request	\$ 57

7. **OTHER FEES**

CHANGE OF NAME	(See WAC 230-04-310)	\$ 26
DUPLICATE LICENSE	(See WAC 230-04-290)	\$ 26
OUT-OF-STATE RECORDS INQUIRY	(See WAC 230-04-240)	As required

(8) If a license expires while an individual is away on active military service the individual may apply to have their license reissued at the renewal fee. The application must be received within 6 months after the individual returns from deployment with evidence of service completion.